

Sunset Public Hearing Questions for
Interstate Insurance Product Regulation Compact

Created by Section 56-58-102, *Tennessee Code Annotated*
(For possible inclusion in Sunset Statute)

- 1. Provide a brief introduction to the Interstate Insurance Product Regulation Compact, including information about its mission, purpose and duties. Who, in Tennessee, has primary responsibility for execution of provisions of the compact?**

A: The Interstate Insurance Product Regulation Compact ("IIPRC") is comprised of a commission of forty-one (41) member states whose purpose is to streamline the filing and approval of certain insurance products, including life insurance, annuities, disability income and long-term care insurance. The IIPRC is engaged in developing uniform standards for product design with the dual goals of providing efficiency in filing for insurance carriers while also protecting the interests of consumers.

- 2. Who are Tennessee's representatives on the Interstate Insurance Product Regulation Compact Commission created in Article III of the compact? What method does Tennessee use to designate who represents Tennessee on the commission pursuant to Article V, Section 1 of the compact?**

A: The commissioner or the commissioner's designee is Tennessee's member on the commission. The commissioner or her designee was determined to be the best choice to serve as Tennessee's member on the compact because of her expertise in the regulation of insurance and her responsibilities to insurance companies and consumers of fostering a healthy marketplace.

- 3. What other states have entered into the compact with Tennessee? How many, if any, states have withdrawn as authorized at Article XIV, Section 1? Have any states defaulted as defined in Section 2?**

A: Forty-one (41) member states, including Tennessee, have entered the compact. The other compacting states are: Alabama, Alaska, Colorado, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Pennsylvania, *Puerto Rico*, Rhode Island, South Carolina, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. Oregon has passed legislation to join, which will be effective January 1, 2012. No states have defaulted.

- 4. How are the by-laws, duly promulgated rules or operating procedures enforced in the member states?**

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A: The bylaws and rules and standards adopted by the commission are incorporated by reference into the insurance code. Specifically, TENN. CODE ANN. § 56-58-102 Article II(12) and Article IV(1) establish that any rule adopted by the commission is given the full force and effect of Tennessee state law. Product filings and rates that are approved by the commission are likewise given the same force and effect in each individual member state.

5. How many states have exercised their right to opt out of uniform standards generated by the commission as authorized in Article VII, Sections 3, 4 and 5? Has Tennessee exercised that option? If so, please state the circumstances.

A: Hawaii, Indiana, and New Jersey have opted out of the following standards for Long-Term Care Insurance:

- Individual Long-Term Care Insurance Application Standards
- Standards For Forms Required To Be Used With An Individual Long-Term Care Insurance Application
- Standards For Individual Long-Term Care Insurance Application Change Form
- Core Standards For Individual Long-Term Care Insurance Policies
- Individual Long-Term Care Insurance Standards For The Outline Of Coverage
- Rate Filing Standards For Individual Long-Term Care Insurance – Issue Age Rate Schedules Only
- Rate Filing Standards For Individual Long-Term Care Insurance – Modified Rate Schedules (Colorado, Illinois, Maryland, Oklahoma, and Washington are not permitting modified rate schedules)
- Standards For Individual Long-Term Care Insurance Advertising Material
- Standards For Long-Term Care Insurance Benefit Features
- Standards For Riders, Endorsements, Or Amendments Used To Effect Individual Long-Term Care Insurance Policy Changes

Tennessee has not exercised the opt-out option.

6. How is the compact funded? What were the compact's revenues (by source) and expenditures (by object) for fiscal years 2010 and 2011? What is the cost to Tennessee for the state to participate in the compact and what types of expenses are involved? Have the commission's revenues and expenditures been audited annually by a qualified public accountant as required by Article XII, Section 6 of the compact?

A: The compact is funded through contributions from the National Association of Insurance Commissioners, the member states, and through filing fees paid by insurers and third-parties who make product filings through the compact. The itemized budgets of the compact may be found at www.insurancecompact.org.

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7. How many times has the Commission met during fiscal years 2010 and 2011? Which representatives from Tennessee attended these meetings? Are minutes of these meetings kept? Who keeps the official minutes? How much per diem or travel reimbursement was associated with this activity?

A: During fiscal years 2010 and 2011 there were five (5) joint meetings of the commission and management committees and four (4) meetings of the management committee. **Tennessee attendance is performed over the telephone, so there is no per diem or travel reimbursement associated.** Meeting minutes are kept by IIPRC staff and made available to the public through the website, www.insurancecompact.org.

8. Are representatives from Tennessee serving on any committees of the commission authorized in Article V? If no representatives from Tennessee are currently serving on these committees, who were the last members to serve on committees and when?

A: Tennessee currently serves on the Actuarial Working Group, the Audit Committee, the Product Standards Committee, and the Rulemaking Committee.

9. What reports are issued of the activities of the commission? How and to whom are the reports disseminated?

A: Meeting minutes and transcripts of hearings are available on the compact's website, www.insurancecompact.org.

10. What were the commission's major accomplishments during fiscal years 2010 and 2011? Specifically, describe the nature and extent of commission activities within each of the powers enumerated in Article IV of the compact. What rules were promulgated during fiscal years 2010 and 2011?

A: The commission approved three hundred and twenty (320) product filings in calendar year 2010 and one hundred and ninety-nine (199) product filings in calendar year 2011. Those statistics are not broken down by months and therefore cannot be reported in terms of the fiscal year. The following rules were adopted during fiscal years 2010 and 2011:

- Individual Long-Term Care Insurance Application Standards
- Standards For Forms Required To Be Used With An Individual Long-Term Care Insurance Application
- Standards For Individual Long-Term Care Insurance Application Change Form
- Additional Standards For Graded Death Benefit For Individual Whole Life Insurance Policies
- Additional Standards For Private Placement Plans For Individual Variable Adjustable Life Insurance Policies
- Additional Standards For Change Of Insured Benefit

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- Additional Standards For Overloan Protection Benefit
- Additional Standards For Private Placement Plans For Individual Deferred Variable Annuity Contracts
- Individual Deferred Paid-Up Non-Variable Annuity Contract Standards (Commonly Marketed As Longevity Standards)
- Core Standards For Individual Long-Term Care Insurance Policies
- Individual Long-Term Care Insurance Standards For The Outline Of Coverage
- Rate Filing Standards For Individual Long-Term Care Insurance – Issue Age Rate Schedules Only
- Rate Filing Standards For Individual Long-Term Care Insurance – Modified Rate Schedules
- Standards For Individual Long-Term Care Insurance Advertising Material
- Standards For Long-Term Care Insurance Benefit Features
- Standards For Riders, Endorsements, Or Amendments Used To Effect Individual Long-Term Care Insurance Policy Changes

11. Describe any items related to the compact that require legislative attention and your proposed legislative changes.

A: The commission is on a sunset schedule and legislation is required to extend this state's membership.

12. Should Tennessee's participation in the compact be continued? To what extent and in what ways would the absence of the compact affect the public health, safety or welfare?

A: Yes. Tennessee's participation should be continued. Participation in the compact saves state resources, allows Tennessee to benefit from relying on the expertise and experience of other regulators and of the independent professionals employed by the compact, and promotes speed to market for insurance products. Speed to market is important in allowing insurance companies to be innovative in product design and responsive to the needs of consumers.

13. Please list all compact programs or activities that receive federal financial assistance and, therefore are required to comply with Title VI of the Civil Rights Act of 1964. Include the amount of federal funding received by program/activity.

A: The compact does not receive federal assistance.

*If the compact does receive federal assistance, please answer questions 14 through 22.
If the compact does not receive federal assistance, proceed directly to question 21.*

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~~14. Does the compact prepare a Title VI plan? If yes, please provide a copy of the most recent plan.~~

~~15. Does the compact have a Title VI coordinator? If yes, please provide the Title VI coordinator's name and phone number and a brief description of his/her duties. If not, provide the name and phone number of the person responsible for dealing with Title VI issues.~~

~~16. To which state or federal agency (if any) does the compact report concerning Title VI? Please describe the information the compact submits to the state or federal government and/or provide a copy of the most recent report submitted.~~

~~17. Describe the compact's actions to ensure that compact staff and clients/program participants understand the requirements of Title VI.~~

~~18. Describe the compact's actions to ensure it is meeting Title VI requirements. Specifically, describe any compact monitoring or tracking activities related to Title VI, and how frequently these activities occur.~~

~~19. Please describe the compact's procedures for handling Title VI complaints. Has the compact received any Title VI related complaints during the past two years? If yes, please describe each complaint, how each complaint was investigated, and how each complaint was resolved (or, if not yet resolved, the complaint's current status).~~

~~20. Please provide a breakdown of current compact staff by title, ethnicity, and gender.~~

21. Please list all compact contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner.

A: To the extent of the Department's knowledge, there are no compact contractors.

22. Describe how the compact ensures that minorities are included in needs assessments or any other discussions regarding program needs.

A: This question is not applicable because the compact has no role in establishing the makeup of its members.